

Internal Revenue Service
memorandum

CC:TL-N-4887-89

VWATERS

date: **15 MAY 1989**

to: District Counsel, Sacramento W:SAC
Attn: Alan E. Staines

from: Acting Senior Technician Reviewer
Tax Shelter Branch, Tax Litigation Division CC:TL:TS

subject: Request for Tax Litigation Advice - [REDACTED]
[REDACTED]

We have reviewed your memorandum dated January 6, 1989, to the Chief, Planning and Special Programs, Sacramento District, regarding whether the above-mentioned partnerships qualify for the small partnership exception to the unified examination and litigation procedures of I.R.C. §§ 6221 through 6233.

The question presented in the memorandum was whether the application of sections 671 and 676 to the grantor trust limited partners will prevent the partnerships from qualifying for the small partnership exception of section 6231(a)(1)(B) because the "natural persons" requirement was not satisfied. We agree with your position that the partnerships do not qualify for the small partnership exception because the trusts are considered to be the limited partners of the partnerships for purposes of section 6231(a)(1)(B) notwithstanding the fact that the grantors of the trust are considered to be the limited partners for income tax purposes pursuant to sections 671 and 676.

If you have questions regarding this matter, please contact Vada Waters at (FTS) 566-3289.


CURTIS G. WILSON

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